Annexure A

DAYANG ENTERPRISE HOLDINGS BHD
14TH ANNUAL GENERAL MEETING – 22 JUNE 2020

Answers to Queries from Minority Shareholders Watch Group

1. **The vessel utilisation on a full-year basis was stronger at 72%, compared to 64% in 2018 and 52% in 2017. (page 20 of Annual Report)**

   (a) **What are the current vessel utilisation rates and the expected vessel utilisation rate for FY2020?**
   The estimated Group's vessel utilization rate for FY2020 is around 60%-70%.

   (b) **What is the vessel utilisation rates that will enable the Company to breakeven?**
   The main business activity of the Group is topside maintenance services which contributed 82% of the total revenue reported for financial year ended 31 December 2019. The high vessels' utilisation means there has been an increase in our business activity in the topside maintenance, hook-up commissioning and construction activities and vessel chartering business of our subsidiaries. However, the Company is unable to provide the breakeven information due to the volatility of various contributing factors and the uncertainties in the current market.

   (c) **What is the average vessel chartering period?**
   For financial year ended 31 December 2019, the average chartering period is approximately 6 months and going forward it is also around the same.

   (d) **What is the revenue and profit contribution of the vessel chartering segment for FYs2019 & 2018?**
   As per page 155 of our Annual Report, under the Marine Offshore Support Services Segment, the revenue and profit contribution are as follows:

	Marine Offshore Support				**Total**	
Year	**2019**		**2018**		**2019**	**2018**
Group	**RM'M**	**%**	**RM'M**	**%**	**RM'M**	**RM'M**
Revenue	188.7	18.0%	119.2	12.7%	1,046.2	938.8
Segment Profit/(Loss)	(1.2)	(0.3%)	(18.1)	(7.2%)	370.2	252.4

   Nevertheless, this cannot be viewed in isolation from the Maintenance Services as some of the vessels were chartered to complement the Maintenance Services activities.

2. **The Group is planning to venture into engineering projects in the future by offering integrated offshore services to the valued customers. (page 21 of Annual Report)**

   (a) **Please explain the strategies the Company will deploy to venture into this new business segment.**
   The Group has already set foot in the Engineering Projects segment with its involvement in several minor Engineering, Procurement Construction and Commissioning (EPCC) projects a few years ago. The engineering design scope of works then were outsourced to third party vendors in previous and current jobs. The Group has gradually been building up both capacity and capability of its internal project team by recruiting discipline engineers with strong background and work experience and investing in engineering and design software.

(b) How will the Company compete with competitors who are well established in the market?
The proficiency and established executional track records in the hook-up commissioning and construction contracts provide a natural extension for the Group to embark on the EPCC contracts. Through its experience in executing minor EPCC contracts with much success over the past recent years, the Group has already built up its equipment inventory capacities and capabilities.

Further, the Group has also retained and trained a pool of competent project management team members and has also invested in fabrication yards to meet requirements of major EPCC jobs. With Perdana Petroleum complementing in the marine requirements, the Group believes it has the edge to remain competitive in its pursuit for more EPCC jobs and contracts.

(c) Who are the main players in this market segment in Malaysia?
The main players currently active in the market are MMHE, Sapura, Muhibbah Oil Fab, THHE and Ocean Might.

(d) When does the Company plan to start this venture and what is the expected CAPEX?
Dayang is currently evaluating potential partners who have expertise and solid track record in Decommissioning and Modular Structural works. These ventures are targeted to begin in Q1 of 2021 with estimated CAPEX requirement of RM30 million.

3. The Covid-19 pandemic has resulted in disruption to business and various macro-economic impacts, weakening both the global and local economic outlook.

(a) How does the Group plan to address the downward pressure on operating performance especially in bottom-line performance?
The Group's current focus is to preserve cash, maintain high liquidity and to stay resilient with effective cost compression efforts and to ensure the Group is able to adapt to ever changing market conditions in the face of this Covid-19 pandemic. Cash and cash equivalents as at 31 December 2019 stood at RM316 million and contract assets and receivables were at RM557 million as at 31 December 2019. More importantly, the Group will need to emphasise more on the health and safety of our people first during this crisis instead of focusing entirely on achieving a strong bottom line performance in 2020, as lives matter more than profits.

The Company has in the early stages of Covid-19 pandemic initiated its Company-wide reorganization and its Crisis Response Management Team of its business and operations plan. Certain capex expansion plans were shelved or deferred. The other plans which are currently being implemented in stages included various resources rationalization, optimization and allocation, with a view of reducing operating costs.

(b) What are the measures the Company has taken to ensure that staff, both onshore and offshore are well protected from Covid-19 pandemic?

Beside complying to all Standard Operating Procedures (SOP) imposed by the authorities, the Company has also rolled out and enforced its own comprehensive internal protocols and procedures for all its employees and crews in office, yards and at all worksites both onshore and offshore. Safety drills and awareness campaigns are carried out periodically and the Company has also established its Covid-19 Committee in addressing any developments or issues that may arise from time to time.

4. **Mount Santubong Ltd ("MSL"), a wholly owned subsidiary of Perdana Jupiter Ltd. ("PJL"), currently owns two Anchor Handling Tug Supply ("AHTS") vessels as per an announcement made by the Company to Bursa Malaysia on 23 May 2019.**

   (a) **What is the current number of AHTS vessels the Company has after the acquisition of MSL?**
   With the acquisition of MSL, the Group owns 8 AHTS vessels.

   (b) **What are the current AHTS vessels utilisation rates as compared to FY2019?**
   The current AHTS utilisation rate is around 65% - 75%.

   (c) **What is the profit/loss contribution of AHTS vessels to the Group in FY 2019?**
   The gross profit/loss contribution of AHTS vessels to the Group in FY2019 was approximately 2%.

   (d) **What is the outlook of AHT vessels in the current financial year in terms of charter rates?**
   The outlook of AHT vessels in the current financial year in terms of charter rates is around RM4.08 – 4.95 per break horse power (bhp) per day.